

Senate File 274 - Introduced

SENATE FILE 274

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A BILL FOR

1 An Act creating a technology prairie by promoting an
2 environment to foster the growth of technology, start-up,
3 and small businesses and to attract a skilled workforce by
4 providing incentives and financial assistance to businesses
5 and certain employees, and including effective date and
6 applicability provisions.
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

LEGISLATIVE FINDINGS — PURPOSES

Section 1. LEGISLATIVE FINDINGS — PURPOSES.

1. The general assembly finds all of the following:

a. That small businesses and start-up businesses may not qualify for conventional financing and may lack the resources to expand a business.

b. That the limited availability of a skilled workforce hampers economic growth of small and start-up businesses in the state.

c. That to enhance competitiveness and foster economic development, this state must focus on the technological, cultural, and community environment in order to attract a skilled workforce and improve the economic climate for small businesses throughout the state.

2. The general assembly declares the purposes of this Act to be all of the following:

a. To promote a cultural and community environment which encourages the retention of skilled technology workers in the state and attracts other skilled technology workers to the state.

b. To create incentives and assistance to compete with other markets in attracting a skilled technology workforce.

c. To create incentives and assistance to increase the flow of capital to start-up businesses and small businesses seeking to expand in the state.

d. To promote the advancement of technology in the state to assist small businesses throughout the state.

e. To create a technology prairie which promotes a cultural, technological, community, and economic development environment that fosters the growth of small businesses and start-up companies and attracts a skilled technology workforce.

DIVISION II

EXCITE IOWA GRANT PROGRAM

Sec. 2. NEW SECTION. 303.96 Excite Iowa grant program.

1 1. The department of cultural affairs shall establish and
2 administer an excite Iowa grant program. The excite Iowa grant
3 program is established to provide grants to business entities
4 seeking to invest in community economic activities. A grant
5 shall not be awarded to a business entity unless the business
6 can match at least twenty percent of the amount of the grant
7 to be awarded. The matching funds may be from the business
8 entity, private foundations, federal or local government funds,
9 financial institutions, or individuals.

10 2. The grants are to be used by the business to invest in
11 community economic activities. Community economic activities
12 are those activities that promote and assist with the visual
13 arts, music, literature, drama, fine arts, recreation including
14 trails, and other related community activities and events as
15 deemed appropriate by the department.

16 3. In awarding a grant to a business to invest in community
17 economic activities, the department may consider the following:

18 a. The business entity's relationship to the community.

19 b. The business entity's status as a not-for-profit single
20 management company or other entity.

21 c. The location of the community and the need for community
22 economic activity in the community.

23 d. The overall geographic diversity of the applicants for
24 grants, including urban and rural communities.

25 e. The type of activity in which the business seeks to
26 invest.

27 f. Any other information the department deems relevant.

28 4. The department may accept, reject, or defer a business
29 entity's application for a grant under this section.

30 5. A grant awarded under the program to a business entity
31 shall not exceed two hundred fifty thousand dollars.

32 6. The department may enter into an agreement with a
33 business entity selected to receive financial assistance
34 pursuant to this section for purposes of ensuring the program
35 is administered pursuant to the requirements of this section.

1 7. *a.* The department may seek the repayment of a grant
2 provided pursuant to this section as provided in paragraph "b".

3 *b.* If, after receiving a grant from the department pursuant
4 to this section, the business entity fails to use the awarded
5 moneys for the purposes described in subsections 1 and 2, all
6 or a portion of the grant received is subject to immediate
7 repayment to, and recapture by, the department.

8 *c.* All repayments and recaptures of grants awarded under the
9 program shall be remitted to the department.

10 8. The department shall adopt rules pursuant to chapter 17A
11 as necessary to administer the program.

12 Sec. 3. NEW SECTION. 303.97 **Excite Iowa grant fund.**

13 1. An excite Iowa grant fund is created in the state
14 treasury under the control of the department of cultural
15 affairs and consisting of moneys appropriated by the general
16 assembly and any other moneys available to and obtained or
17 accepted by the department for deposit in the fund.

18 2. The fund shall be used to provide grants under the excite
19 Iowa grant program established in section 303.96.

20 3. Interest payments and repayments and recaptures
21 of moneys provided as grants pursuant to section 303.96,
22 subsection 7, shall be deposited in the fund.

23 4. Moneys in the fund are not subject to section 8.33.
24 Notwithstanding section 12C.7, subsection 2, interest or
25 earnings on moneys in the fund shall be credited to the fund.

26 DIVISION III

27 ENTREPRENEURIAL START-UP BUSINESS INCENTIVES

28 Sec. 4. NEW SECTION. 15E.364 **Definitions.**

29 For purposes of this division, unless the context otherwise
30 requires:

31 1. "*Financial institution*" means an institution listed
32 in section 422.61, subsection 1, or such other financial
33 institution as defined by the authority for purposes of this
34 section.

35 2. "*Program*" means the entrepreneur incentives and guarantee

1 program.

2 3. "*Qualified business*" means a start-up business in the
3 state that is participating in a guaranteed loan program under
4 the United States small business administration. However,
5 "*qualified business*" does not include businesses engaged
6 primarily in retail sales, real estate, or the provision of
7 health care or other professional services.

8 Sec. 5. NEW SECTION. 15E.365 **Entrepreneur incentives and**
9 **guarantee program.**

10 1. a. The authority shall establish and administer an
11 entrepreneur incentives and guarantee program. The authority,
12 pursuant to agreements with financial institutions, shall
13 provide loan and credit guarantees, or other forms of credit
14 guarantees, for qualified businesses to assure the repayment
15 of loan and credit guarantees or other extensions of credit
16 made to or on behalf of qualified businesses. The authority
17 may provide up to twenty-five percent of the amount of the
18 loan or credit as a guarantee of the loan or credit for a
19 qualified business. The total amount of the loan or credit to
20 be guaranteed shall not exceed one hundred thousand dollars. A
21 loan or credit guarantee provided under this section shall be
22 used in conjunction with a loan or credit guarantee provided by
23 the United States small business administration.

24 b. The authority may purchase insurance to cover defaulted
25 loans or credit meeting the requirements of the program to
26 the extent of the amount of the guarantee provided by the
27 authority. However, the authority shall not in any manner
28 directly or indirectly pledge the credit of the state.

29 2. In administering the program, the authority shall
30 consult and cooperate with financial institutions.
31 Administrative procedures and application procedures, as
32 practicable, shall be responsive to the qualified businesses
33 and shall be consistent with prudent investment and lending
34 practices and criteria.

35 3. The authority shall obtain certification from the United

1 States small business administration of the small business
2 administration's agreement with the eligible business under
3 one of the small business administration's guaranteed loan
4 programs.

5 Sec. 6. NEW SECTION. **15E.366 Entrepreneur incentives and**
6 **guarantee fund.**

7 1. An entrepreneur incentives and guarantee fund is created
8 and established as a separate and distinct fund in the state
9 treasury under the control of the authority. Moneys in the
10 fund shall be used only for the purposes provided in this
11 section.

12 2. The moneys in the fund are appropriated to the authority
13 to be used for all of the following purposes:

14 *a.* Payment of claims pursuant to loan and credit guarantee
15 agreements entered into under section 15E.365.

16 *b.* Payment of administrative costs of the authority for
17 actual and necessary administrative expenses incurred by the
18 authority in administering the program.

19 *c.* Purchase or buyout of superior or prior liens, mortgages,
20 or security interests against a loan or credit that is the
21 subject of an agreement under section 15E.365.

22 *d.* Purchase of insurance to cover the default of loans or
23 credit made pursuant to the requirements of the entrepreneur
24 incentives and guarantee program to the extent of the amount
25 guaranteed under section 15E.365.

26 3. Moneys in the entrepreneur incentives and guarantee fund
27 shall consist of all of the following:

28 *a.* Moneys appropriated by the general assembly for the
29 purposes in subsection 1 and any other moneys available to and
30 obtained or accepted by the authority for deposit in the fund.

31 *b.* Proceeds from collateral assigned to the authority, fees
32 for guarantees, gifts, and moneys from any grant made to the
33 fund by a federal agency.

34 4. Moneys in the fund are not subject to section 8.33.
35 Notwithstanding section 12C.7, subsection 2, interest or

1 earnings on the moneys in the fund shall be credited to the
2 fund.

3 5. *a.* The authority shall only use moneys in the
4 entrepreneur incentives and guarantee fund as loan or credit
5 guarantees, and for the purposes provided in subsection 2, and
6 not any other moneys of the authority. During a fiscal year,
7 the authority may pledge an amount not to exceed the total
8 amount appropriated to the fund for the same fiscal year for
9 the purposes of the program.

10 *b.* The authority shall not in any manner, directly or
11 indirectly, pledge the credit or taxing power of this state
12 or any political subdivision of this state or make debts
13 payable out of any moneys except for those in the entrepreneur
14 incentives and guarantee fund.

15 DIVISION IV

16 SMALL BUSINESS MICROLOAN PROGRAM

17 Sec. 7. NEW SECTION. 15E.25 **Small business microloan**
18 **program.**

19 1. The economic development authority shall establish and
20 administer a small business microloan program. The small
21 business microloan program is established to provide loans to
22 local economic organizations to provide microloans to small
23 businesses.

24 2. To receive a loan from the program, the local economic
25 development organization shall demonstrate a dollar-for-dollar
26 fund match. The matching funds may be from a business, private
27 foundations, or individuals.

28 3. A loan awarded under the program to any local economic
29 development organization shall not exceed two hundred fifty
30 thousand dollars.

31 4. In awarding loans to local economic development
32 organizations to provide microloans to small businesses, the
33 authority may consider the following:

34 *a.* The local economic development organization's
35 relationship to the community.

1 *b.* The local economic development organization's ability to
2 provide accounting and audits of the microloans.

3 *c.* The location of the local economic development
4 organization.

5 *d.* The overall geographic diversity of the applicants for
6 loans, including urban and rural communities.

7 *e.* Any other information the authority deems relevant.

8 5. The authority may accept, reject, or defer a local
9 economic development organization's application for funds under
10 this section.

11 6. *a.* The authority shall enter into an agreement with a
12 local economic development organization selected to receive
13 a loan pursuant to this section for purposes of ensuring the
14 program is administered pursuant to the requirements of this
15 section.

16 *b.* Upon repayment of the microloan by the business to
17 the local economic development organization, the authority
18 may require payment of an administrative fee of up to one
19 percent of the microloan to be deposited in the small business
20 microloan program revolving loan fund established in section
21 15E.26.

22 7. *a.* A local economic development organization awarded
23 financial assistance pursuant to this section shall establish
24 a microloan application process and conduct a microloan
25 program for small businesses. A local economic development
26 organization receiving financial assistance pursuant to this
27 section may accept and evaluate, and approve, deny, or defer,
28 applications for financial assistance from small businesses
29 pursuant to the requirements of this section.

30 *b.* A local economic development organization receiving
31 assistance shall only provide a microloan using the loan
32 awarded by the authority pursuant to this section for a new
33 or expanding business in this state which has twenty or fewer
34 employees at the time of the business's application to the
35 local economic development organization.

1 *c.* The amount of a microloan awarded by a local economic
2 development organization using the loan awarded by the
3 authority pursuant to this section shall not exceed fifteen
4 thousand dollars to any single business.

5 *d.* The local economic development organization shall conduct
6 an annual audit of the small businesses to which it provided a
7 microloan using funds received pursuant to this section.

8 8. *a.* The authority may seek the recapture of a loan
9 provided pursuant to this section as provided in paragraph "*b*".

10 *b.* If, after receiving financial assistance from the
11 authority pursuant to this section, the local economic
12 development organization fails to use the moneys for the
13 purposes described in subsections 1 and 7, all or a portion
14 of the financial assistance received is subject to immediate
15 repayment to, or recapture by, the authority.

16 *c.* All payments, repayments, and interest on loans awarded
17 to an economic development organization under the program shall
18 be remitted to the authority.

19 9. The authority shall adopt rules pursuant to chapter 17A
20 as necessary to administer the program.

21 Sec. 8. NEW SECTION. 15E.26 **Small business microloan**
22 **program revolving loan fund.**

23 1. A small business microloan program revolving loan fund
24 is created in the state treasury under the control of the
25 economic development authority. The revolving loan fund shall
26 be administered by the authority and shall consist of moneys
27 appropriated by the general assembly, moneys collected by the
28 authority as fees, and any other moneys obtained or accepted
29 by the authority for deposit in the revolving loan fund. The
30 proceeds of the revolving loan fund are appropriated to the
31 authority and shall be used to provide loans under the small
32 business microloan program established in section 15E.25.

33 2. Payments of interest on loans and repayments or
34 recaptures of moneys provided to an economic development
35 organization shall be deposited in the revolving loan fund.

1 3. Moneys in the fund are not subject to section 8.33.
2 Notwithstanding section 12C.7, subsection 2, interest or
3 earnings on moneys in the fund shall be credited to the fund.

4 DIVISION V

5 TECHNOLOGY WORKERS TAX CREDIT PROGRAM

6 Sec. 9. NEW SECTION. 261.114 Technology Workers Tax Credit
7 Program.

8 1. For purposes of this section, unless the context
9 otherwise requires:

10 *a. "Commission"* means the college student aid commission.

11 *b. "Eligible lender"* means the same as defined in section
12 261.35.

13 *c. "Program"* means the technology workers tax credit program
14 established in this section.

15 *d. "Program agreement"* means an agreement entered into
16 between the commission and a technology worker pursuant to this
17 section.

18 *e. "Qualified student debt"* means the maximum amount of
19 an eligible technology worker's student loan principal as
20 determined pursuant to this section.

21 *f. "Technology worker"* means a worker employed as a computer
22 and information scientist, systems analyst, computer programmer
23 or developer, or computer professional, or any skilled worker
24 who performs any function related to information technology,
25 including the study, design, development, implementation,
26 support, or management of computer-based information systems.

27 2. The commission shall establish and administer a
28 technology workers tax credit program pursuant to this section.
29 The purpose of the program is to reimburse eligible technology
30 workers, or employers of such workers, for the amount of
31 qualified student debt borrowed and repaid in order to attend a
32 postsecondary institution.

33 3. The commission shall coordinate with postsecondary
34 institutions, technology workers, eligible lenders, and the
35 department of revenue in the administration of this program.

1 4. The commission shall enter into a program agreement with
2 an eligible technology worker residing and working in Iowa who
3 wishes to participate in the program. As part of the program
4 agreement, the technology worker shall covenant and agree to
5 the following:

6 *a.* That the person is or will become an Iowa resident and
7 will remain an Iowa resident for the entirety of each tax year
8 for which the person wishes to claim a tax credit under the
9 program. A person not meeting the residency requirements of
10 this paragraph is not eligible to claim a tax credit.

11 *b.* That the person was enrolled in a program of study at a
12 postsecondary institution and has qualified student debt.

13 *c.* To keep all necessary financial and educational records
14 relating to the degree pursued and the qualified student debt
15 incurred for a period of not less than three years after the
16 last tax year in which a tax credit under the program is
17 claimed.

18 *d.* That only repayment of qualified student debt is eligible
19 to be claimed as a tax credit under the program.

20 *e.* That any acceleration in the repayment schedule of the
21 qualified student debt will result in a forfeiture of the tax
22 credit in that tax year and all subsequent tax years.

23 *f.* To refinance the loans comprising qualified student debt
24 only if the loans remain separate from all other debt and if
25 both annual repayments and the total remaining indebtedness
26 under the loan's amortization schedule will be reduced by such
27 refinancing.

28 5. A technology worker shall not enter into more than one
29 program agreement or claim the tax credit available under the
30 program more than once.

31 6. *a.* After entering into a program agreement with an
32 eligible technology worker, and before a tax credit certificate
33 is issued, the commission shall request the postsecondary
34 institution in which the technology worker was enrolled to
35 verify the technology worker's enrollment at the institution

1 and to certify to the commission the technology worker's amount
2 of qualified student debt.

3 *b.* The program agreement shall terminate if the commission
4 is unable to verify the technology worker's enrollment at a
5 postsecondary institution or unable to certify the amount of
6 the technology worker's qualified student debt.

7 7. *a.* An eligible technology worker's qualified student
8 debt shall be the total amount of principal borrowed from an
9 eligible lender for purposes of paying the amount of tuition
10 and mandatory fees required in order to obtain a degree from a
11 postsecondary institution.

12 *b.* Only loans included as part of a financial aid package
13 awarded to the eligible technology worker by a postsecondary
14 institution shall be included in the amount of qualified
15 student debt determined pursuant to this subsection.

16 8. After verifying whether the technology worker qualifies
17 for the program and after certifying the amount of qualified
18 student debt, the commission shall issue to the technology
19 worker a tax credit certificate which shall contain the
20 technology worker's name, address, tax identification number,
21 the amount of the tax credit, and any other information
22 required by the department of revenue.

23 9. *a.* (1) A technology workers tax credit shall be allowed
24 against the taxes imposed in chapter 422, divisions II, III,
25 and V, and in chapter 432, and against the moneys and credits
26 tax imposed in section 533.329, for the repayment of qualified
27 student debt.

28 (2) An individual may claim the tax credit under this
29 section of a partnership, limited liability company, S
30 corporation, estate, or trust electing to have income taxed
31 directly to the individual. The amount claimed by the
32 individual shall be based upon the pro rata share of the
33 individual's earnings from the partnership, limited liability
34 company, S corporation, estate, or trust.

35 *b.* (1) An employer may claim a tax credit under this

1 section for payments made directly to an eligible lender on
2 behalf of a technology worker who has been issued a tax credit
3 certificate pursuant to this subsection.

4 (2) The employer may claim the tax credit in an amount
5 equal to the payments made by the employer of qualified student
6 debt that came due during the technology worker's period of
7 employment with the employer.

8 (3) The employer may require a person to provide a copy of
9 the program agreement and a copy of the tax credit certificate
10 issued pursuant to this section in order to verify that a
11 person is an eligible technology worker with qualified student
12 debt.

13 (4) The employer claiming a tax credit under the program
14 shall retain all relevant records for at least three tax years
15 following the last tax year in which the tax credit is claimed.

16 c. A technology worker and the technology worker's employer
17 may both claim tax credits for payments of qualified student
18 debt made in the same year, but the same payment of qualified
19 student debt shall not be claimed by more than one taxpayer.

20 d. A technology worker and the technology worker's employer
21 shall receive a credit for the amount of qualified student debt
22 repaid by the employer or technology worker up to a combined
23 amount of one thousand dollars each year for a maximum of five
24 years.

25 e. Any tax credit in excess of the taxpayer's liability
26 for the tax year is not refundable but may be credited to the
27 tax liability for the following five years or until depleted,
28 whichever is earlier. A tax credit shall not be carried back
29 to a tax year prior to the tax year in which the taxpayer first
30 receives the tax credit.

31 f. A technology worker or employer may claim the tax credit
32 only if the technology worker is in compliance with the program
33 agreement, and the technology worker is not in arrears on the
34 repayment schedule for the qualified student debt.

35 10. a. (1) To claim the technology workers tax credit,

1 a technology worker shall attach the tax credit certificate
2 issued by the commission to the taxpayer's tax return.

3 (2) To claim the technology workers tax credit for payments
4 made on behalf of a technology worker, a taxpayer shall attach
5 a copy of the tax credit certificate issued to the technology
6 worker along with any information required by the department of
7 revenue pertaining to the payments made to an eligible lender.

8 b. The tax credit certificate attached to the taxpayer's
9 tax return shall expire on or after the last day of the taxable
10 year for which the taxpayer is claiming the tax credit and show
11 a tax credit amount equal to or greater than the tax credit
12 claimed on the taxpayer's tax return.

13 c. The tax credit certificate, unless rescinded by the
14 commission, shall be accepted by the department of revenue as
15 payment for taxes imposed pursuant to chapter 422, divisions
16 II, III, and V, and in chapter 432, and for the moneys and
17 credits tax imposed in 533.329, subject to any conditions or
18 restrictions placed by the commission upon the face of the
19 tax credit certificate and subject to the limitations of this
20 section.

21 11. Except as otherwise provided in this section, a tax
22 credit certificate is not transferable to any person or entity.

23 12. An eligible technology worker who exercises the
24 forbearance or deferment provisions of a student loan agreement
25 that comprises a portion of the technology worker's qualified
26 student debt does not forfeit the right to claim the tax credit
27 available under this section. The department of revenue shall
28 toll the carryforward provisions of subsection 9, paragraph
29 "e", for any worker exercising forbearance or deferment
30 provisions.

31 13. a. The commission, in consultation with the department
32 of revenue, shall adopt rules pursuant to chapter 17A for the
33 implementation and administration of the program.

34 b. The department of revenue, in consultation with the
35 commission, may adopt rules pursuant to chapter 17A for the

1 implementation and administration of subsections 9 through 12.

2 Sec. 10. NEW SECTION. **422.11R Technology workers tax**
3 **credit.**

4 The taxes imposed under this division, less the credits
5 allowed under section 422.12, shall be reduced by a technology
6 workers tax credit authorized pursuant to section 261.114.

7 Sec. 11. Section 422.33, Code 2013, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 30. The taxes imposed under this division
10 shall be reduced by a technology workers tax credit authorized
11 pursuant to section 261.114.

12 Sec. 12. Section 422.60, Code 2013, is amended by adding the
13 following new subsection:

14 NEW SUBSECTION. 12. The taxes imposed under this division
15 shall be reduced by a technology workers tax credit authorized
16 pursuant to section 261.114.

17 Sec. 13. NEW SECTION. **432.12N Technology workers tax**
18 **credit.**

19 The taxes imposed under this chapter shall be reduced by a
20 technology workers tax credit authorized pursuant to section
21 261.114.

22 Sec. 14. Section 533.329, subsection 2, Code 2013, is
23 amended by adding the following new paragraph:

24 NEW PARAGRAPH. k. The moneys and credits tax imposed under
25 this section shall be reduced by a technology workers tax
26 credit authorized pursuant to section 261.114.

27 Sec. 15. APPLICABILITY. This division of this Act applies
28 to tax years beginning on or after January 1, 2014.

29 DIVISION VI

30 BROADBAND LOAN PROGRAM

31 Sec. 16. NEW SECTION. **15E.367 Broadband loan program.**

32 1. The economic development authority shall establish and
33 administer a broadband loan program to provide low-interest
34 loans to broadband and telecommunications businesses to expand
35 broadband access in the state.

1 2. In awarding loans to businesses to invest in expanding
2 broadband access, the authority may consider the following:
3 *a.* The business's relationship to the community.
4 *b.* The location of the community and the need for broadband
5 access in the community.
6 *c.* The overall geographic diversity of the applicants for
7 loans, including urban and rural communities.
8 *d.* Any other information the authority deems relevant.
9 3. The authority may accept, reject, or defer a business
10 entity's application for funds under this section.
11 4. In awarding financial assistance, the authority shall
12 ensure that businesses that seek to expand broadband access to
13 communities that are underserved or are not served by broadband
14 technology shall receive financial assistance prior to
15 awarding financial assistance to businesses that seek to expand
16 broadband access to communities that have adequate service.
17 5. A loan awarded under the program to any single business
18 entity shall not exceed two hundred fifty thousand dollars.
19 6. The authority shall enter into an agreement with a
20 business entity selected to receive financial assistance
21 pursuant to this section for purposes of ensuring the program
22 is administered pursuant to the requirements of this section.
23 The agreement shall set the loan period and interest rate of
24 the loan.
25 7. *a.* The authority may seek immediate repayment or
26 recapture of the financial assistance awarded pursuant to this
27 section as provided in paragraph "b".
28 *b.* If, after receiving financial assistance from the
29 authority pursuant to this section, the business entity
30 fails to use the awarded moneys for the purposes described in
31 subsection 1, all or a portion of the financial assistance
32 received is subject to immediate repayment or recapture.
33 *c.* All repayments, recaptures, and interest on loans awarded
34 under the program shall be remitted to the authority to be
35 deposited in the broadband loan program fund established in

1 section 15E.368.

2 8. The economic development authority shall have the power
3 to bond as necessary to carry out the purposes of the broadband
4 loan program. The bonds shall be issued in the same manner
5 as, and under the same conditions and restrictions of, section
6 15.106D.

7 Sec. 17. NEW SECTION. 15E.368 **Broadband loan program fund.**

8 1. A broadband loan program fund is created in the state
9 treasury under the control of the economic development
10 authority and consisting of moneys appropriated by the general
11 assembly and any other moneys available to and obtained or
12 accepted by the authority for placement in the fund.

13 2. Payments or repayments of moneys provided, and interest,
14 shall be deposited in the fund.

15 3. The fund shall be used to provide low-interest loans
16 under the broadband loan program established in section
17 15E.367.

18 4. Moneys in the fund are not subject to section 8.33.
19 Notwithstanding section 12C.7, subsection 2, interest or
20 earnings on moneys in the fund shall be credited to the fund.

21 DIVISION VII

22 SALES AND USE TAX COLLECTION ALLOWANCE

23 Sec. 18. NEW SECTION. 423.32A **Collection allowance.**

24 1. Each retailer subject to section 423.31 and each retailer
25 maintaining a place of business in this state subject to
26 section 423.32 may, at the time of making a return required
27 by those sections, take a collection allowance in the form
28 of a credit equal to five percent of the tax due as properly
29 computed on the return.

30 2. The collection allowance in this section shall not apply
31 to any of the following:

32 a. A person who files a return under section 423.31 pursuant
33 to a direct pay tax permit authorized under section 423.36,
34 subsection 8.

35 b. Tax due as a result of the retailer's own purchase or use

1 of tangible personal property or enumerated services.

2 *c.* A return that is not timely filed or for which the tax
3 is not timely remitted.

4 3. The collection allowance in this section shall not exceed
5 fifty dollars per retailer per calendar year. For purposes of
6 this section, an affiliated group as defined in section 422.32
7 or a retailer operating multiple places of business shall be
8 considered one retailer, regardless of whether or not such
9 retailer files a consolidated return.

10 Sec. 19. Section 423.49, Code 2013, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 11. *a.* In addition to any other
13 monetary allowance provided under the agreement, each seller
14 registered under the agreement and filing a return pursuant
15 to this section may, at the time of making the return, take
16 a collection allowance in the form of a credit equal to five
17 percent of the tax due as properly computed on the return.

18 *b.* The collection allowance in this subsection shall not
19 apply to any of the following:

20 (1) Tax due as a result of the purchase or use of tangible
21 personal property or enumerated services by the seller
22 registered under the agreement.

23 (2) A return that is not timely filed or for which the tax
24 is not timely remitted.

25 *c.* The collection allowance in this subsection shall
26 not exceed fifty dollars per seller registered under the
27 agreement per calendar year. For purposes of this subsection,
28 an affiliated group as defined in section 422.32 or a seller
29 operating multiple places of business shall be considered one
30 seller registered under the agreement, regardless of whether or
31 not such seller files a consolidated return.

32 Sec. 20. EFFECTIVE DATE. This division of this Act takes
33 effect January 1, 2014.

34 Sec. 21. APPLICABILITY. This division of this Act applies
35 to returns filed for calendar years beginning on or after

1 January 1, 2014.

2 EXPLANATION

3 This bill relates to the establishment of programs to
4 provide financial and community incentives and financial
5 assistance to businesses in the state and certain employees.

6 Division I provides the legislative findings and establishes
7 the purposes of the bill.

8 Division II of the bill requires the department of cultural
9 affairs (DCA) to establish an excite Iowa grant program
10 and establishes an excite Iowa grant program fund under the
11 department's control for the purpose of providing grants to
12 business entities seeking to invest in community economic
13 activities, as defined in the bill.

14 To receive an excite Iowa grant, a business entity must match
15 at least 20 percent of the amount of the grant with funds from
16 the business, private foundations, federal or local government
17 funds, financial institutions, or individuals. A grant awarded
18 under the program may not exceed \$250,000.

19 The bill allows DCA to consider the business's relationship
20 with the community, the business's management status, the
21 location of the community in which the business seeks to
22 invest, the geographic diversity of the applicants, the type
23 of activity in which the business seeks to invest, and other
24 information DCA deems relevant in awarding the grants.

25 The bill authorizes DCA to enter into an agreement with a
26 business selected to receive financial assistance to ensure
27 compliance with the program requirements. The bill allows DCA
28 to seek repayments or recaptures of all or a portion of grant
29 moneys if the business entity receiving the grant fails to use
30 the awarded moneys to invest in a community economic activity.

31 The bill requires DCA to adopt rules to administer the
32 program.

33 Division III of the bill requires the economic development
34 authority (authority) to establish and administer an
35 entrepreneur incentives and guarantee program to provide loan

1 and credit guarantees for qualified businesses. The bill
2 provides that a "qualified business" means a start-up business
3 in the state that has entered into a guaranteed loan program
4 under the United States small business administration (SBA),
5 but does not include businesses engaged primarily in retail
6 sales, real estate, or the provision of health care or other
7 professional services.

8 The bill allows the authority to invest up to 25 percent
9 of the amount of the loan or credit as a loan or credit
10 guarantee for a qualified business. The amount of the loan
11 or credit for which the authority provides a guarantee shall
12 not exceed \$100,000. The loan or credit guarantee provided by
13 the authority is to be used in conjunction with a guarantee
14 provided by the SBA.

15 The bill authorizes the authority to purchase insurance to
16 cover defaulted loans meeting the requirements of the program,
17 but states that the authority shall not directly or indirectly
18 pledge the credit of the state.

19 The bill also establishes an entrepreneur incentives and
20 guarantee fund under the control of the authority. The moneys
21 in the fund are to be used to pay claims of the loan and credit
22 guarantee agreements, pay administrative costs of the authority
23 in administering the program, or purchase or buy out superior
24 or prior liens, mortgages, or security interests on a loan or
25 credit that is the subject of an agreement.

26 The bill provides that the authority may only pledge moneys
27 in the entrepreneur incentives and guarantee fund and not any
28 other moneys of the authority. Additionally, the authority
29 may not pledge an amount during a fiscal year that exceeds the
30 total amount appropriated to the fund for that fiscal year to
31 assure the repayment of loan and credit guarantees made to or
32 on behalf of qualified businesses.

33 Division IV of the bill requires the economic development
34 authority to establish and administer a small business
35 microloan program and revolving loan fund to provide loans to

1 local economic development organizations to provide microloans
2 to small businesses.

3 The bill requires a local economic development organization
4 to demonstrate a dollar-for-dollar match to receive assistance
5 under the program. The bill provides that the maximum amount
6 of a loan to any single economic development organization may
7 not exceed \$250,000.

8 The bill requires the authority to consider factors
9 specified in the bill and other information the authority deems
10 relevant when awarding the loans to local economic development
11 organizations.

12 The bill requires the authority to enter into an agreement
13 with the local economic development organization selected to
14 receive financial assistance under the program for purposes
15 of ensuring compliance with the program requirements.
16 The bill also allows the authority to require the local
17 economic development organization to pay up to a 1 percent
18 administrative fee upon a small business's repayment of a
19 microloan to the organization for deposit in the small business
20 microloan program revolving fund.

21 The bill requires the local economic development
22 organization receiving financial assistance under the program
23 to establish a microloan application process and conduct a
24 microloan program for small businesses. The local economic
25 development organization may only use the financial assistance
26 received pursuant to the program to provide a microloan for
27 a new or expanding business in the state which has 20 or
28 fewer employees at the time of the business's application
29 for a microloan. A microloan awarded by the local economic
30 development organization using financial assistance from the
31 program may not exceed \$15,000 to any single business. The
32 bill requires the local economic development organization to
33 conduct an audit of the small businesses to which it provided a
34 microloan.

35 Financial assistance awarded under the program is subject

1 to immediate repayment or recapture if the local economic
2 development organization fails to use the financial assistance
3 for the program's intended purposes.

4 Division V of the bill provides for the establishment of a
5 technology workers tax credit program to be administered by the
6 college student aid commission and the department of revenue.

7 The purpose of the program is to provide a tax credit to
8 eligible technology workers or to provide a tax credit to
9 an eligible technology worker's employer for payments made
10 toward the qualified student debt. For purposes of the bill,
11 "qualified student debt" is the total amount of principal
12 borrowed by the eligible technology worker to attend a
13 postsecondary institution. Only those loans included as part
14 of an eligible technology worker's financial aid package from
15 a postsecondary institution may be included in the amount of
16 qualified student debt.

17 To be eligible for the program, a technology worker must be
18 or become an Iowa resident and remain an Iowa resident for the
19 entirety of any tax year in which the technology worker seeks
20 to claim the tax credit available under the program. The bill
21 defines a "technology worker" for purposes of the bill as a
22 worker who is employed as a computer and information scientist,
23 systems analyst, computer programmer or developer, or computer
24 professional, or any skilled worker who performs any function
25 related to information technology, including the study,
26 design, development, implementation, support, or management of
27 computer-based information systems. The eligible technology
28 worker must enter into an agreement with the college student
29 aid commission.

30 The commission is required to coordinate with postsecondary
31 institutions, technology workers, eligible lenders, and the
32 department of revenue in the administration of the program.
33 Upon entering into a program agreement, the commission must
34 request information from the postsecondary institution in
35 which the technology worker was enrolled in order to verify

1 that the technology worker was enrolled at the institution
2 and to certify the amount of qualified student debt. Upon
3 receiving this information, the commission must issue a tax
4 credit certificate to an eligible technology worker. If the
5 commission is unable to verify or certify the information, the
6 agreement is terminated.

7 The technology worker may claim the repayment of qualified
8 student debt as a credit against state income taxes and may
9 carry the credit forward for up to five years. A technology
10 worker and the technology worker's employer may receive a
11 combined maximum tax credit amount of \$1,000 a year for up to
12 five years.

13 An employer may claim the portion of the credit for payments
14 made directly to eligible lenders on the technology worker's
15 behalf to the extent that such payments are due under the terms
16 of the loan during the eligible technology worker's period of
17 employment with that employer. The credit is not refundable
18 or transferable and may not be carried back to prior tax years
19 but may be carried forward for the earlier of five years or
20 until depleted. The credit is only available if the technology
21 worker is in compliance with the agreement entered into with
22 the college student aid commission, and is not in arrears on
23 the repayment schedule for the qualified student debt.

24 The bill provides for rulemaking by both the college
25 student aid commission and the department of revenue for the
26 administration of the program.

27 Division V of the bill applies to tax years beginning on or
28 after January 1, 2014.

29 Division VI of the bill requires the economic development
30 authority to establish and administer a broadband loan
31 program to provide low-interest loans to broadband and
32 telecommunications businesses to expand broadband access in the
33 state.

34 When determining whether to award a loan to a business,
35 the authority may consider factors specified in the bill and

1 other information the authority deems relevant. When awarding
2 financial assistance, the authority must ensure that businesses
3 seeking to expand broadband access in communities that are
4 underserved or are not served by broadband technology shall
5 receive financial assistance prior to awarding assistance to
6 businesses seeking to expand broadband access into communities
7 that have adequate service.

8 The bill provides that a loan awarded under the program to
9 any single business entity may not exceed \$250,000.

10 The bill requires the authority to enter into an agreement
11 with business entities selected to receive assistance under the
12 program to ensure compliance with the program's requirements.
13 The agreement must also set the loan period and the interest
14 rate of the loan.

15 The bill authorizes the authority to seek immediate
16 repayment or recapture of a loan awarded pursuant to the
17 program if the business entity fails to use the loan moneys
18 to expand broadband access in the state. All payments,
19 repayments, or recaptures, and interest on loans awarded under
20 the program must be remitted to the authority for deposit in
21 the broadband loan program fund. The bill authorizes the
22 authority to use its bonding power as necessary to carry out
23 the purpose of the broadband loan program.

24 The bill also establishes a broadband loan program fund
25 under the control of the authority. This fund is to be used to
26 provide low-interest loans under the broadband loan program.

27 Division VII of the bill provides a collection allowance
28 to retailers who collect and remit sales and use tax and file
29 sales and use tax returns.

30 Every retailer required to file a sales or use tax return
31 pursuant to Code section 423.31 or 423.32 is allowed to take
32 on the tax return a collection allowance in the form of a
33 credit equal to 5 percent of the tax due, not to exceed \$50 per
34 retailer per calendar year. For purposes of the collection
35 allowance, an affiliated group or a retailer operating multiple

1 places of business shall be considered one retailer, regardless
2 of whether or not the retailer files a consolidated return.
3 The collection allowance does not apply to a person who files a
4 sales tax return pursuant to a direct pay tax permit authorized
5 under Code section 423.36, any tax due resulting from the
6 retailer's own purchase or use of taxable goods or services, or
7 a return that is not timely filed or for which the tax is not
8 timely remitted. The collection allowance is also available
9 to sellers who are registered under, and who file tax returns
10 pursuant to, the streamlined sales and use tax agreement.
11 Division VII of the bill takes effect on January 1, 2014,
12 and applies to returns filed for calendar years beginning on
13 or after that date.